

For immediate release: Saturday, February 6, 2010

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## **Chairman Towns Opens Investigation into Treasury's Mortgage Modification Efforts**

WASHINGTON – Chairman Edolphus “Ed” Towns (D-NY) is taking steps to ensure success of the Federal government’s efforts to mitigate home foreclosure. The Committee is investigating the Treasury Department’s (Treasury) Making Home Affordable (MHA) program after receiving concerning information about the effectiveness and efficiency of MHA and the extent to which it has assisted struggling homeowners. Chairman Towns, who represents the New York’s 10th Congressional District located in Brooklyn, New York, is a strong proponent of efforts to ease the burden on struggling homeowners.

“I am pleased that Treasury has developed a plan utilizing a variety of techniques and resources to assist struggling homeowners under the overarching banner of the Making Home Affordable program,” said Chairman Towns. “While I applaud Treasury’s efforts, numerous concerns have been brought to my attention regarding the effectiveness and efficiency of the MHA program and the extent to which it has assisted struggling homeowners.”

A centerpiece of the MHA program is the Home Affordable Modification Program (HAMP) which commits \$75 billion for the purpose of reducing mortgage payments of qualified borrowers to no more than 31 percent of their monthly income. Based on complaints, the Committee is concerned that loan servicers have been slow to modify loans, inconsistent in their application of the program and are not communicating clearly with eligible homeowners.

In a letter to Treasury Secretary Timothy Geithner, Chairman Towns asks for specific data to help the Committee in its efforts to investigate HAMP and explains the basis for his concerns and request for information about Treasury’s efforts to embrace transparency and accountability for its mortgage modification programs.

Chairman Towns wrote to Secretary Geithner, “... it is my understanding that Treasury has thus far refused to reveal in detail how it defines ‘net present value’, one of the key criteria for homeowner participation in the mortgage modification program. Moreover, if a homeowner is

denied a permanent mortgage modification, the specific reasons for the denial are not revealed. Finally, Treasury has not established a process for homeowners to appeal the denial of a permanent mortgage modification.”

According to the Congressional Oversight Panel, home foreclosures across the nation have increased faster than the rate of new HAMP trial modifications, by more than 2 to 1. However, the December 2009 "MHA Program Servicer Performance Report" demonstrates that certain institutions have made dismal progress in modifying loans, even though they service a large number of homeowners potentially eligible for HAMP.

Chairman Towns is expecting a response to his inquiry from the Treasury Department by February 18, 2010.

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### **Documents and Links**

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[Letter from Chairman Edolphus Towns to Treasury Secretary Timothy Geithner](#)